



Michigan Consumers for Healthcare

Why Should MI Adopt a Healthcare Exchange? Testimony of Don Hazaert, Director, MCH House Health Policy Committee November 3, 2011

Chairwoman Haines and committee members, thank you so much for inviting the Michigan Consumers for Healthcare coalition to speak with you today. I am Don Hazaert, director of MCH which is a consumer-focused healthcare advocacy community consisting of over 90 organizations statewide. Joining me today are several of our Coalition's top policy experts: Jan Hudson with the Michigan League of Human Services, Tameshia Bridges with PHI (formerly Para-Professional Health Institute) and Jane Caplinger with the American Cancer Society.

We all know there have been some very strong feeling expressed around whether or not Michigan should create a healthcare exchange, as required under the federal Affordable Care Act. The rhetoric, at times, has become red hot. But thankfully we have had leaders like Governor Snyder and Senator Marleau step forward and work to douse those red hot embers just long enough to allow us to refocus the conversation back onto the actual healthcare consumer.

Our intention today is to offer more light than heat; to provide context, facts and the information you need to develop a healthcare marketplace that works for Michigan consumers. I will begin with the unenviable task of tackling the eight hundred pound gorilla in the room- the individual mandate and the Massachusetts exchange model.

The father of the individual mandate is conservative economist- and former policy advisor to President George H.W. Bush- Mark Pauly who advocated for the adoption of a universal healthcare proposal that would keep government from eventually taking over the healthcare sector. It is important

for conservatives to remember, that the individual mandate was not conceived as some form of creeping socialism but rather as a conservative, market-oriented alternative to what was seen as the eventual inevitability of a truly government run single-payer system in America. And this is hardly an irrational position since every other Western industrialized nation has some form of government-sponsored healthcare system.

In his original strategy memo, Pauly wrote, “Our view is that excessive government intervention will make matters worse... Our strategy, therefore, is to design a scheme that limits governmental rules and incentives to the extent necessary to achieve the objectives,” In an interview conducted just this year, Pauly added, “We did it because we were concerned about the specter of single payer insurance, which isn’t market-oriented, and we didn’t think was a good idea.”

In the early 90s, the individual mandate was adopted and promoted by the conservative Heritage Foundation. They dubbed it a “Health Care Social Contract” and wrote, the “central element in the Heritage proposal is a two-way commitment between government and citizens. Under this ‘social contract’ the federal government would agree to make it financially possible, through refundable tax benefits or in some cases by providing access to public-sector health programs, for every American family to purchase at least a back package of medical care including catastrophic insurance. In return, government would require, by law, every head of household acquire at least a basic health plan for his or her family.”

This concept of mandated private insurance as an alternative to government run healthcare was supported by other conservative think tanks including Newt Gingrich’s own Center for Health Transformation. Bob Dole and many Congressional Republicans, as you may recall, also embraced the concept as an alternative to what conservatives dubbed at the time HillaryCare. Dole even later made the mandate a campaign issue in his run for the presidency.

So when people refer to “they” or to “those people” who brought us the individual mandate, whether they realize it or not, they are actually referring to some of the leading conservative minds of the last two decades. Now I

realize that the dynamics of partisan politics- particularly presidential politics- has flipped this relationship somewhat on its head in the last few years but there still remains no reason a conservative lawmaker should shy away from what is fundamentally a well-conceived, market-oriented alternative to single payer.

Recently, of course, Massachusetts Governor Mitt Romney gained notoriety as the first governor to successfully implement this concept into what is now known as the Massachusetts exchange model. And it is that groundbreaking initiative that really brings us here today.

Now that we have defined what the Massachusetts model is not- namely, it is NOT the offspring of some left-wing conspiracy to move America ever one step closer to socialism- it is important to define what the Massachusetts model is. And what the Massachusetts model is, in my opinion at least, is the most successful public health initiative in this country in decades.

Today, in Massachusetts, 98.1% of the population has healthcare coverage. Contrast this with a national uninsured rate of 15.4%. I would ask you to ponder for a moment the innumerable benefits, financial, societal and otherwise, of moving a society from where more than 15% of us don't have access to a family physician to where fewer than 2% have no access.

The healthcare exchange created in Massachusetts, known as the Connector, has been remarkably successful in bringing costs down within the individual insurance market. According to FactCheck.org- a non-profit dedicated to cutting through the partisan spin to the essential facts of a policy debate- insurance policies sold on the Connector exchange have come down an average of 18 percent. Some policies have come down as much as 40 percent. To quote Factcheck.org, "any way you want to look at it premium costs came down."

FactCheck.org determined that virtually all of the partisan fear mongering around the Massachusetts exchange is unsupportable by the data. The program is not unpopular- public support rests at about 67% among non-seniors. Quality of care did not diminish and there were no delays in seeing

physicians. There was no taxpayer revolt- as some suggested would happen- and no dumping of employees by employers onto the exchange. Aside from lingering difficulties in making their small business exchange work properly, there were few obvious flaws.

In fact, the Massachusetts Taxpayer Foundation, that state's conservative counterpart to our own Mackinac Center, when so far as to publish their own paper debunking the myths that out-of-state politicians, partisan groups and think tanks were spreading about the Massachusetts model. Their essential message, get your facts straight.

SB 693, Sen. Marleau's bill to establish the MiHealth marketplace here in Michigan, currently in Senate Health Policy, is an excellent piece of legislation that conservatives and progressives alike can get behind. Conservatives can feel good that the bill uses no state dollars for the administration of the Exchange, creates no new state bureaucracy, and that it is entirely entrepreneurial in that it requires the MiHealth marketplace to survive on its own merits. Progressives, likewise, can feel good that the bill is also strongly pro-consumer in that it bans the insurance industry from sitting on the governing board of the Exchange and requires tough conflict of interest policies.

The first time I spoke before this committee earlier this summer, I reminded you that "what one state can do, another can do." The challenge before this Legislature, therefore, is to develop a consumer-focused marketplace that can compete with the level of success consumers in Massachusetts have been enjoying for several years now.

But with key stakeholders at the table- and having the luxury of learning from Massachusetts successes and failures- there is no reason that the MiHealth marketplace cannot rival any other state exchange for affordability, access, competition and transparency.

With that, I would like to turn things over to my colleague Jan Hudson from the Michigan League of Human Services who is going to be talking about the consumer populations that will be served by the MiHealth marketplace.